

Message Text

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PAGE 01 PANAMA 04276 171747Z

44

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 SAB-01 CIAE-00 DODE-00 PM-03

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 EB-07 AGR-05 STR-04 OMB-01 COME-00

TRSE-00 (ISO) W

----- 097730

P R 171722Z JUL 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 4528

INFO AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

USCINCSO

PAN CANAL

C O N F I D E N T I A L PANAMA 4276

E.O. 11652: GDS

TAGS: ETRD, PN

SUBJECT: BANANAS: PRESENT STATUS GOP/UNITED BRANDS (UB)

NEGOTIATIONS

REF: (A) PANAMA 4251 (B) PANAMA 4004

1. UB PRESIDENT GELSTHROPE INFORMED US EARLY THIS MORNING THAT GOP/UB NEGOTIATIONS WERE DISRUPTED IN SANTIAGO JULY 15, BECAUSE OF AGRICULTURE MINISTER GONZALEZ' SUDDEN APPOINTMENT AS ACTING VICE PRESIDENT OF PANAMA (REF A). HE REPORTED NEGOTIATIONS RESUMED IN PANAMA CITY AFTERNOON JULY 16 WITH PARTICIPATION IN GOP TEAM OF COMMERCE & INDUSTRY MINISTER MANFREDO, HIS DEPUTY MRS. JULIETA FABREGA DE LORENZO. THE NEXT ROUND OF TALKS SCHEDULED FOR JULY 19.

2. ACCORDING TO GELSTHORPE, GOP POSTURE NOW VERY CLEAR: VERY MUCH DETERMINED TO OBTAIN IMMEDIATE OWNERSHIP UB ASSETS, BUT LEAVE UB RUN
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PAGE 02 PANAMA 04276 171747Z

OPERATIONS FOR TWO YEARS. GOP PLACES LOCAL BOOK VALUE UB ASSETS AT

\$40 MILLION, WHILE UB AT \$50 MILLION. GOP WILLING FOR 10 PERCENT DOWN PAYMENT AND REMAINDER TO BE SETTLED THRU 10 ANNUAL INSTALLMENTS. HOPEFULLY, ACTING VICE PRESIDENT GONZALEZ--CONSIDERED BY GELSTHORPE TO BE MODERATE--WILL CONTINUE HEADING THE GOP NEGOTIATING TEAM, CONSIDERING PRESENT TREND OF GOP/UB TREATY NEGOTIATIONS.

3. GELSTHORPE INDICATED THAT UB HAS NO RPT NO INTENTION CONCLUDING ANY AGREEMENT WITH GOP ON JULY 19, WITHOUT PRIOR APPROVAL OF UB BOARD OF DIRECTORS, SHAREHOLDERS, AND BANKERS. (FYI SEGMENT LOCAL PRESS REPORTED GOP/UB SALES AGREEMENT CONCLUDED JULY 15). HE ALSO INDICATED THAT DUE TO PRESSING BUSINESS COMMITMENTS IN BOSTON, HE WAS DEPARTING JULY 20.

4. EMBASSY WILL REPORT FURTHER NEXT WEEK.
GONZALEZ

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